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SUBJECT: CONTROL AND RESHUFFLING OF THE CENTRAL BANK - DON'T COUNT
THE CRONIES OUT

REFERENCE: CONAKRY 0021

1. SUMMARY. While a Conte loyalist is still at the helm of the Central Bank and providing President Conte with access, it appears that Prime Minister Kouyate has restricted access to the Bank by Conte's cronies. Meanwhile, the Central Bank Governor has reshuffled the organization of the Bank as recommended by an audit of bank operations. END SUMMARY.

RESHUFFLING AT THE BANK

2. (SBU) On January 7, Econoff met with the former Director General of Credit and Exchange for the Central Bank, Mr. Cheick Sylla. Last week, Mr. Sylla was 'reassigned' by Central Bank Governor Bangora to be Director of Training - a significantly less important position.

3. (SBU) Mr. Sylla said that Bangora is a President Conte loyalist, but in his opinion, control of the Central Bank is not a significant cause of tension between Conte and Prime Minister Kouyate. He claimed that the main problem between the two men is that the wording of the restructuring decree gives the Secretary General of the Presidency (Sam Soumah) the power to coordinate government actions, a responsibility normally assigned to the prime minister.

4. (SBU) Sylla alleged that there has been a major shakeup at the Central Bank, promulgated by Bangora. He implied that the reassignments were political, but would not explicitly say it. All he would admit is that he disagreed with the way Bangora is dealing with the IMF.

5. (SBU) However, on January 8, Econoff met with Elhadj Abdoulaye Diallo, a Director General at the Central Bank, who explained that the shuffling of assignments at the bank was actually the result of a study of bank operations. The operations study had been commissioned by the Prime Minister's office, and the Bank was just implementing its recommendations. The crux of the recommendations is to consolidate departments and sections, which reportedly led to the reassignment of Mr. Sylla as Director of Training.

CENTRAL BANK: WHO'S YOUR DADDY?

6. (SBU) The Director General revealed that the president has his own account at the Central Bank, but that only the president or his authorized representative can withdraw funds, which must be done with a check signed by the president. If there is no money in the account, the President cannot get money until the Ministry of Finance deposits more. However, he emphasized that all off-budget spending has been stopped, and that all government spending is based upon available revenues. (COMMENT: the 2008 budget includes approximately \$20 million dollars for the 'Office of the Presidency', in which the largest line item is creatively labeled 'Sovereign actions.' END COMMENT.)

¶17. (SBU) Embassy contacts have reported that sub-cabinet level bureaucrats are feeling the pinch, and are increasingly desperate because of the cessation of off-budget expenditures. Another contact told the Ambassador that for the first time money is flowing into the Central Bank (from bank deposits) rather than just out.

COMMENT

¶18. (SBU) If the reassignments of Central Bank officers was in response to the audit, with no overt political motivation, then perhaps the Governor may have just seized the opportunity to isolate an internal critic.

¶19. (SBU) Conte himself still has access to the Central Bank funds through use of the Presidency budget. However, Kouyate's administration appears to have successfully restricted access to the Bank by Conte's cronies who are no longer authorized to make withdrawals. This could explain the increasing activities by Conte's entourage at the presidency to destabilize the current government (reftel), and may result in an increase in friction between the Conte camp and Kouyate as the old guard continue to lobby the President. END COMMENT.

CARTER